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FIRST COUNTRY COOPERATION FRAMEWORK FOR TONGA (1997-2001)

CONTENTS

		Paragraphs	Page
INTRODUCTION		1	2
I.	DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE	2 - 13	2
II.	RESULTS AND LESSONS OF PAST COOPERATION	14 - 15	5
III.	PROPOSED STRATEGY AND THEMATIC AREAS	16 - 21	6
	A. Sustainable livelihoods	20	6
	B. Governance	21	7
IV.	MANAGEMENT ARRANGEMENTS	22 - 26	7
Annex.	Resource mobilization target table for Tonga (1997-2001)		9

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INTRODUCTION

1. The five year country cooperation framework (CCF) for Tonga (1997-2001) is the result of an ongoing consultative process between the Government and UNDP. As the initial step in determining the scope and nature of UNDP/Tonga collaboration during the period covered by the first CCF, UNDP prepared an advisory note for the country programme and a concept paper for the subregional programme. These documents summarized the global, regional and national framework for UNDP programming. The UNDP advisory note provided the Government with its views on how UNDP might best support Tonga's development efforts. In May 1997, formal consultations based on the UNDP advisory note were held between the Government and UNDP, following which the present CCF was drafted.

I. DEVELOPMENT SITUATION FROM A SUSTAINABLE HUMAN DEVELOPMENT PERSPECTIVE

Development goals and priorities

2. The Government's long-term vision for optimal development in Tonga is stated as follows:

By the year 2025, Tonga will achieve an optimal socio-economic structure. That is, Tongan society will have the following desired characteristics: (a) high quality of life for the entire population; (b) high standard of living throughout the country; (c) respect for the choices of both present and future generations; (d) high values and adaptive culture; (e) individual fulfilment; (f) political stability; and (g) a stable economic and social environment.

3. The objectives of Development Plan 7 (DP7), for the period 1998-2001, are intended to be focused and achievable. To ensure the State's contribution to the national vision and development, the following broad objectives will guide the country during DP7: (a) efficient, well-structured and coordinated State-owned enterprises; (b) sound and encouraging environment for the development and increased involvement of the private sector in economic activity; (c) efficient and well-structured government sector, with the qualities of good governance and accountability; (d) well-maintained physical infrastructure; (e) development benefits being distributed equitably; (f) well-educated and skilled labour force, and healthy population; (g) low crime and guaranteed national security; and (h) stable macroeconomic environment.

Priority consideration will be given to the first two objectives.

Current problems and challenges

4. Tonga consists of approximately 170 small islands in the central Pacific. Tonga's population has remained stable at under 100,000 for the past two decades due to substantial out-migration. Social indicators reflect the high investment in human resources and the large contribution of remittances and external assistance to the domestic economy.

5. Agricultural production dominates the economy, with exports being the highest among all small Pacific island countries. Squash provides more than half of Tonga's exports by value. Other agricultural goods, fish and manufactured products make up the balance. The manufacturing sector has recently slumped; in 1993 exports were at their lowest level since the mid-1980s and employment had declined. Tourism makes a small but growing contribution to the economy.

Human development and economic indicators for Tonga

Social indicators		Economic indicators	
Population	97 000	GDP per capita (1993)	$800
Average population density	149/sq km	Aid as percentage GDP (1994)	>15
Population growth rate	0.8 per cent	Per cent real GDP growth (1995)	+1.8
Birth rate	2.0 per cent	Per cent employed in formal sector	24
Infant mortality	12.2/1 000	Per cent of which are women	37
Adult literacy rate	99 per cent	Expenditure as a percentage of gross national product on:	
Mean years of school	7.1	Education	7.2
Life expectancy at birth	68 years	Health	3.8
		Public services	26.5

Source: Central Planning Department, Kingdom of Tonga.

GDP = gross domestic product.

6. Tonga's human development index value of 0.723 ranks it in the upper medium group of Pacific island countries. Tongans benefit from political stability and strong cultural and community ties. The remittance economy of Tonga has contributed to a relatively high standard of living. This external income has largely been channelled towards expenditure for social services, domestic consumption and infrastructure. Emigration has also helped reduce unemployment. The challenge for Tonga, however, is to develop and retain a skilled labour force.

7. Social and economic indicators suggest that Tonga does not have a problem of poverty in terms of access to nutrition, health, safe water and sanitation, literacy, education and income. There are, however, some emerging social problems, which include:

(a) Education: concerns with the employability of drop-outs at junior and secondary school level, and inappropriate primary and secondary school curricula;

(b) Health: issues relating to under and over nutrition among children, the rising demand for specialized medical care, and the need to maintain a high level of preventative and primary health care;

(c) Urban development: the emergence of squatter settlements in Nuku'alofa and the growing population of Tongatapu suggests the existence of problems related to urban-drift; and

(d) Social welfare: evidence of the increasingly socially disruptive effects of outward migration on family life, with an increased rate of divorce and a rise in the number of female-headed households.

8. Other factors that may contribute to an increase in disadvantaged or vulnerable groups include the critical importance of remittances (both in cash and in kind) as a source of family income, and the consequential impact of a decrease in their inflow on the quality of life; the slow increase in employment creation; and limited availability of land.

9. Employment. In 1994 the agriculture, forestry and fisheries sectors accounted for approximately 40 per cent of total employment; the community, social and personal services sector 26 per cent; and manufacturing 22 per cent. Approximately 66 per cent of the employed population lived in Tongatapu. Unemployment was estimated at 12 per cent, with the highest being in the 15-24 year age group. The formal sector represented about 24 per cent of the potential labour force. This percentage has been increasing, with an annual growth rate in formal wage employment of approximately 2 per cent. Although employment levels seem high, about 2,000 school leavers enter the labour market annually. Public service opportunities are expected to decrease with the current reform process, hence the need for more private sector employment. Obstacles to creating such opportunities in both urban and rural areas include: the dominance of the public sector; the small size of the private sector; a very narrow export base; an education system that needs to be tailored to the employment needs of the country; poorly serviced rural/regional areas; and the loss of skills through substantial emigration.

10. Gender. All observers have noticed the relatively privileged status of women in Tongan society. This, however, has not materialized into representation at the highest level of Government; Tonga has yet to have a woman in the Cabinet. Women participate extensively in the rural-based cash economy, particularly in vanilla and squash production as wage labour, and in cottage and small income-generating activities, such as handicrafts. The incentives for greater participation are increasing with improved market access. There are numerous women's organizations and informal groups involved in education, family planning, home care and entrepreneurship. All these activities have had a positive impact on the standard of living.

11. The Government is committed to the advancement of women through the development of a national women's policy, the establishment of a Women in

Development Centre to coordinate women's activities, the formation of a National Committee on Women's Affairs, and support for non-governmental organizations (NGOs).

12. Environment. Tonga's natural resource base and environment are major national assets. Though environmental problems are emerging in some areas, consideration is being given to the sustainable development of these resources and the environmental effects of development activities. Some of the challenges caused by increased urbanization, changing agricultural cultivation patterns, increased use of pesticides and the exploitation of land and marine resources, are in the areas of land use management, water supply, solid and toxic wastes, coastal management, biodiversity conservation, and forestry. Tonga can benefit from non-core resources available under regional environmental management programmes such as the Global Environment Facility, Capacity 21, and the Poverty Strategies Initiative.

13. Governance. The Government is committed to improving public sector management and encouraging both foreign and domestic investment. It recognizes that the large public sector hampers private sector development. It has also engaged in public sector reform to reduce the cost of government, reduce the tax burden on the private sector, and increase opportunities for the private sector. A Cabinet subcommittee is currently overseeing the reform process with assistance from Australia and New Zealand bilateral aid. There is also an effort to reduce the development gap between the island groups, aid coordination, and increase Government and NGO partnerships.

II. RESULTS AND LESSONS OF PAST COOPERATION

14. Under the fifth country programme for Tonga, which covered the period 1991-1996, UNDP collaborated with Tonga in the areas of agriculture, manufacturing, and tourism planning; export promotion and small business development; development planning; and manpower training. This last involved assistance to the Small Community Development Training Centre, the provision of United Nations Volunteer Programme (UNV) medical staff and specialized training for nationals; it also involved technical assistance in the areas of telecommunications, labour law, energy sector support and hydrography. Although the Government considered that this technical assistance addressed urgent needs, the impact on capacity-building - the main thrust of the programme - was less than optimal. Almost all the projects were nationally executed and operated as stand-alone interventions with no cost-sharing. The November 1993 mid-term review of the fifth country programme noted that few activities directly supported sustainable human development and recommended that it should become more responsive to this goal. Another concern was that the country programme had ambitiously wide coverage and insufficient complementarity with the regional programme.

15. Assistance to Tonga from the subregional programme included improvements to primary school education through the Basic Education and Life Skills Programme; development of environmentally acceptable quarantine systems under the regional fruitfly project; support to the preparation of its 1994/95 National Budget, privatization of public institutions, financial legislation and other areas of

financial management under the Economic Management and Public Sector Reform Project; and support to NGOs through the Partners in Development Programme, including small grants for community-based self-help initiatives, HIV/AIDS awareness programmes and income-generating activities. The Equitable and Sustainable Human Development Programme also provided technical support to the Tonga National Youth Congress Youth Credit Scheme.

III. PROPOSED STRATEGY AND THEMATIC AREAS

16. Given the Government of Tonga's vision for the country's development into the next century and the objectives for DP7 as outlined above, and given the focus of UNDP on sustainable human development, the CCF will aim to maintain the high standard of living and enhance national capacity to formulate, manage and implement policies and programmes that support the Government's efforts to create opportunities for employment and sustainable livelihoods.

17. The strategy will take into account recommendations of the mid-term review of the fifth cycle country programme, which highlighted the need to focus greater attention on sustainable human development. In order to do this, it must provide incentives for investment to generate high productivity employment opportunities, social security and domestic savings mobilization, and increased gender equity. This should be accompanied by improved linkages between the education system and the job market.

18. Gender equity and environmental sustainability will be integrated into all programme design and activities. UNDP, in partnership with the United Nations Development Fund for Women, will direct 25 per cent of its core programme resources to project activities that benefit both men and women, as a special effort to ensure gender equity across all development programmes. These activities will constitute an integral part of all programmes within the first CCF.

19. The Government of Tonga is at the initial stages of implementing DP7. UNDP will provide short-term technical assistance to the Department of Planning to further elaborate the sectoral plans of key ministries and to coordinate donor activities within these sectors. The technical cooperation among developing countries (TCDC) modality will be used by the Government whenever possible. Impact indicators will include (a) benchmarks for monitoring implementation of DP7 and the sectoral plans; and (b) a clearer division of labour among donors and improved levels of coordination of both the externally funded components of DP7 and those components funded from the development budget.

A. Sustainable livelihoods

20. Increase domestic savings and provide workers and their families with financial security upon retirement or death. The Government of Tonga is preparing to implement a contributory pension fund for government employees as a transitory phase to a full national provident fund. This is seen as a viable way to mobilize domestic savings, utilize remittances and raise the level of productive investments in the economy, while serving the important social

function of providing financial security upon death or retirement to workers and their families. This initiative will aim to gauge the contributing capacity of the domestic economy and of Tongan migrant communities, to design necessary legislation, to develop marketing of the fund overseas, and to set in place management and operational capacities. Particular attention will be given to maximizing the social benefits of the scheme by ensuring the participation of all sectors of the Tongan labour force and ensuring gender equity. Impact indicators will include: (a) understanding and acceptance by the Government and the public of the benefits of the scheme; (b) legal framework and corresponding legislation in place that ensures the fullest participation and equity in the terms and conditions of benefits; and (c) management and operational mechanisms agreed upon and established.

B. Governance

21. Improve the efficiency of the labour market. UNDP will support improved information on labour force dynamics by increasing local capacity to generate and analyse labour force information, and to integrate this information within the overall planning capacity of the Government. Assistance will also be directed at using this information for two purposes: (a) informing entrants to the labour market on vocational opportunities or available training; and (b) informing the business community about available skills. Impact indicators will include: (a) improved labour force and employment information to facilitate planning; (b) improved coordination among relevant government agencies, training institutions and the private sector in the generation, distribution and use of this information; and (c) a general improvement in the match between skills and employment opportunities in the labour force.

IV. MANAGEMENT ARRANGEMENTS

Management of the cooperation framework

22. The Government and UNDP will jointly manage the CCF, including the formulation of activities derived from the present document, the appraisal of individual projects, monitoring and review of implementation, and evaluation of results.

23. The Government of Tonga has indicated its readiness to nationally execute all future UNDP programmes. Efforts will be made to utilize UNVs, TCDC and transfer of knowledge through expatriate nationals (TOKTEN), as much as possible. NGO participation is another appropriate modality for project execution/implementation that will be developed particularly in regard to community participation and capacity-building.

Linkages to the subregional programmes

24. The thematic areas of the first CCF are congruent with the core theme of the UNDP sixth Pacific subregional programme: job creation and sustainable livelihoods. This complementarity will facilitate the mobilization of

additional resources for specific project interventions and strengthen the overall impact of the country programme.

Resource mobilization

25. The Government will work with the UNDP to mobilize resources in priority programme areas identified in this framework. To this end, the Government and UNDP will seek partnerships with other donors for the funding of activities, and will encourage bilateral and multilateral cost-sharing to improve programme delivery. To this end, cost-sharing agreements will be sought with other donors to increase programme delivery. The Government will also share the cost of activities.

Monitoring and review

26. UNDP will place greater emphasis on output delivery and impact assessment. Both qualitative and quantitative indicators will be developed to establish benchmarks for this purpose. The programme will be monitored jointly by the Government and UNDP through consultation and monitoring visits by UNDP staff at least once every quarter. A triennial review of the CCF will be held in mid-1999.

Annex

RESOURCE MOBILIZATION TARGET TABLE FOR TONGA (1997-2001)

(In thousands of United States dollars)

Source	Amount	Comments
UNDP CORE FUNDS		
Estimated IPF carry-over	15	
TRAC 1.1.1	443	Assigned immediately to country.
TRAC 1.1.2	0 to 66.7 per cent of TRAC 1.1.1	This range of percentages is presented for initial planning purposes only. The actual assignment will depend on the availability of high-quality programmes. Any increase in the range of percentages would also be subject to availability of resources.
SPPD/STS	80	
Subtotal	538[a]	
NON-CORE FUNDS		
Government cost-sharing	145	
Sustainable development funds	-	
Third-party cost-sharing	443	
Funds, trust funds and other	-	
Subtotal	558	
GRAND TOTAL	1 126[a]	

[a] Not inclusive of TRAC 1.1.2, which is allocated regionally for subsequent country application.

Abbreviations: IPF = indicative planning figure; SPPD = support for policy and programme development; STS = support for technical services; and TRAC = target for resource assignment from the core.